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JCS FOR J5  
OSD FOR ISA (PERENYI)  
NSC FOR DOWLEY  
USUN FOR LEGAL, POL  
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SUBJECT: DAYTON ARTICLE IV: 40TH SRCC IS QUIET BUT BUSY

11. (SBU) Summary: The Dayton Article IV Parties met in Sarajevo March 10-13 for the 40th Sub-Regional Consultative Commission (SRCC). The SRCC was held in a cooperative and friendly atmosphere, resulting in an impressive list of decisions, to include: agreement on amending the Agreement, dates and agenda for the Sixth Review Conference, changing the number of SRCCs from three to two per year, quotas for the upcoming inspection year, and the use of additional inspection equipment. There was no discussion of Kosovo. The Parties themselves shared many of the same viewpoints and, when there were differences, were able to reach their own compromise solutions. End summary.

No Discussion of Kosovo  
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12. (SBU) There was little talk of political issues such as the collapse of governments in Serbia or Macedonia, or of Kosovo's independence. However, the Contact Group on the margins informally discussed how Article IV might be impacted after one or more of the Parties recognize the independence of Kosovo.

13. (SBU) During earlier separate discussions with Brigadier General Costanzo Periotto, the Chairman-in-Office's Personal Representative for Dayton Article IV, German senior military advisor Colonel Wolfgang Richter, and U.S. representative (Claus), it was agreed that it would be unwise to raise the subject of Kosovo at any point during the SRCC and that any discussion should be kept at the informal level among Contact Group and Periotto's staff. The Agreement's area of application includes the entire territory of Serbia, to include Kosovo. The Croatian military advisor, Colonel Mijatovic, informally said that Croatia would be the first of the Parties to recognize Kosovo independence, and that this recognition would occur by the end of March 2008. (Note: Croatia recognized Kosovo on March 20. End note.)

14. (SBU) There were some concerns among the Contact Group that Serbia might reject Assistants from countries that had recognized Kosovo's independence. USDel met earlier with Periotto and agreed that U.S. Assistants would not join a Serbian inspection team until June. On March 20, USDel was informed by Periotto's staff that Serbia had accepted on its team an Assistant from France.

SRCC

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15. (SBU) The Permanent Working Group, which met February 5-7, prepared the drafts for the SRCC, although many of the documents were altered before final approval. Many agenda points resulted in SRCC decisions (see para 10). Most of the documents that did not become decisions were labeled as "SRCC Conclusions." (Comment: Periotto, along with the Bosnian chair, did a very good job of trying to keep the SRCC on task, and with better results than at the 39th SRCC. End comment.)

16. (SBU) The SRCC was chaired by the head of the Bosnian MFA peace and security office, Minister-Advisor Momir Brajic. For the first time in several years, the Contact Group was fully represented. The U.S. representative was Lt. Colonel Alan Hester (USOSCE). The Parties were represented by:

- Bosnia: Goran Pranjic;
- Croatia: Mirko Capjak;
- Serbia: Ambassador Branka Latinovic;
- Montenegro: Ambassador Milorad Scepovic.

Amending the Agreement

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17. (SBU) The need to amend the Agreement to note the separation of Montenegro and the Republic of Serbia (Note: All were reminded not to use the term, "Republic of Montenegro." End note.) resulted in a hurried, last minute push to refine the previous draft's language to include an amendment for each article instead of one amendment to the entire Agreement. The SRCC agreed to a silence procedure ending on April 15. Each Party then would be required to adopt the formal amendments in accordance with national requirements.

Inspections

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18. (SBU) Periotto's staff provided a report on inspection activities conducted during the previous year (March 2007 ) March 2008). The Parties conducted 20 inspections in 2007 and no substantive issues arose. The Parties approved the draft quota distribution and inspection schedule for 2008-2009 that was proposed by Periotto's staff. The quotas (19 in all) are: Bosnia (4); Serbia (7); Croatia (5); Montenegro (3).

19. (SBU) There was discussion on how to set quotas for the future, which formula to use, and what the minimum number might be to allow for a balanced inspection regime among the four Parties. Serbia proposed the following minimum passive quotas: Bosnia (5); Croatia (5); Serbia (5); and Montenegro (3). This distribution would allow all Parties to conduct at least one inspection of all the other Parties; however, no agreement was reached.

SRCC Decisions

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110. (SBU) The SRCC agenda was quite ambitious, but numerous decisions were reached:

-- A decision to conduct the Sixth Article IV Review

Conference in Vienna during July 2-4, preceded by an Extraordinary SRCC for the sole purpose of approving the minutes of the 40th SRCC.

-- A decision to reduce the number of SRCCs held during a year from three to two, with target months of March and October. Permanent Working Groups will be held at least one month prior to each SRCC.

-- A decision to extend the length of time from one year to two years that Armaments Limited by the Agreement can remain in an export status. This was a change from the earlier draft proposal to eliminate the time limit altogether.

-- A decision on the framework language to be used by the four Parties in releasing a statement, to be completed at the 42nd SRCC, on voluntary limitation of military manpower.

-- A decision encouraging the Parties to organize and conduct additional or supplemental training for inspectors and Assistants within their own countries. This decision has the practical effect of giving a seal of approval for Bosnian plans to set up a training center. Croatia, after initially protesting in favor of training at Zagreb-based Regional Arms Control Verification and Implementation Assistant Center (RACVIAC), eventually agreed.

-- A decision that digital cameras, SATCOM satellite systems, mobile telephones, and GPS would be permitted during inspections. (Note: This decision did not actually change

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the Agreement: the Parties used a consensus agreement to define the above equipment as "other equipment" in accordance with Paragraph 13, Section VI of the Protocol on Inspection. End note.)

#### Handbook for Inspectors -----

¶11. (SBU) Serbia proposed to add "political" elements to a draft of the Handbook for Inspectors developed by all four Parties during the November working group. The other Parties were frustrated with these efforts to add political documents and elements to what has been proposed and initially developed as an operational-level handbook. After a two hour discussion, the SRCC agreed to form an "ad hoc working group," to be chaired by Latinovic, to complete the handbook. Additionally, the SRCC approved a standing operation procedure (SOP) for OSCE Assistants, which will become part of the handbook. The SOP includes the requirement that all OSCE supporting nations provide health insurance for their Assistants.

#### RACVIAC -----

¶12. (SBU) On the margins, the Croatian delegation passed out RACVIAC's list of course offerings planned for 2008 (emailed to State VCI/CCA). (Comment: RACVIAC has continued to develop, growing in stature in the region. Recommend Washington consider whether it would be beneficial to re-engage with RACVIAC, to include increased participation in courses and provision of guest instructors. End comment.)

#### Cultural Interlude: Surreal Moments at City Hall -----

¶13. (SBU) On the margins of the SRCC, the Bosnian hosts organized a visit to the Sarajevo city hall, where the deputy mayor presented a film that included some propagandistic and anti-Serb narration. Afterwards, the deputy mayor, speaking in Serbo-Croatian and asking the Serbian Ambassador Latinovic to translate into English, spoke on the future of Sarajevo. Latinovic, while visibly uneasy, translated the

deputy mayor's speech, which related how the people of Sarajevo were overcoming the effects of the 3-year Serbian siege and were looking forward to the future. Latinovic was afterward praised publicly and privately for her graciousness and demeanor.

SCOTT